

**GOVERNMENT OF INDIA
RAILWAYS
LOK SABHA**

UNSTARRED QUESTION NO:763
ANSWERED ON:18.07.2002
PROCUREMENT OF WAGON
RAGHUNATH JHA

Will the Minister of RAILWAYS be pleased to state:

- (a) whether the Railways had procured wagons through Wagon India Limited (WIL) at higher rates during 1994-95 to 1997-98 instead of purchasing them by inviting open tenders through newspapers;
- (b) whether the procurement resulted into extra expenditure of Rs.23.24 crore;
- (c) if so, whether the matter has been enquired into and accountability and responsibility fixed against persons for causing pecuniary loss to the State; and
- (d) if so, the policy for making purchases and the reasons for not purchasing at economical rates?

Answer

MINISTER OF STATE IN THE MINISTRY OF RAILWAYS (Shri Bandaru Dattatraya)

(a) & (b) Prior to 93-94, orders for wagons were placed by the Ministry of Railways directly on member units of Wagon India Ltd.(WIL) which was constituted with the Cabinet approval in 1974. In this system of procurement, prices were determined in accordance with the recommendations of Pricing Committees formed first under the Chairmanship of Chairman/BIC and subsequently under Chief Adviser (Cost)/Ministry of Finance on the basis of cost analysis done by these independent agencies. In view of larger perspective of liberalization of economy as per measures taken by Government of India in early nineties, Ministry of Railways took a decision to go for competitive tenders also as a parallel measure. Accordingly, wagons were procured during 94-95 to 97-98 through WIL as well as through open tender for partial requirement for testing the market and achieving the economy. Keeping in view the financial savings accruing to the Railways through competitive purchase and after the revised system of procurement of wagons through open tender stabilized, Railways switched over to a system of procurement of 100% requirement through open tender from 98-99 onwards. Thus, 94-95 to 97-98 was a transition period during which the new system was evolving. Procurement through WIL at slightly higher rate during the above period for partial requirement has to be viewed in the background of Government's objectives of formation of WIL, recommendation of Standing Committee as well as evolving policy of Ministry of Railways to achieve economy and transparency in procurement.

(c) Does not arise in view of answer to (a) & (b) above.

(d) The revised system of procurement through open tender was initiated in phased manner to achieve further economy and competitiveness and from 98-99 onwards, Railways are making procurement of 100% requirement through open tenders.